

105TH CONGRESS
1ST SESSION

S. 986

To amend title 38, United States Code, to make certain improvements in the housing loan programs for veterans and eligible persons, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 7, 1997

Mr. SPECTER (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To amend title 38, United States Code, to make certain improvements in the housing loan programs for veterans and eligible persons, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; REFERENCES TO TITLE 38,**
4 **UNITED STATES CODE.**

5 (a) SHORT TITLE.—This Act may be cited as the
6 “Veterans’ Housing Loan Improvements Act of 1997”.

7 (b) REFERENCES TO TITLE 38.—Except as otherwise
8 may be specifically provided, whenever in the Act an
9 amendment or repeal is expressed in terms of an amend-

1 ment to, or repeal of, a section or other provision, the ref-
 2 erence shall be considered to be made to a section or other
 3 provision of title 38, United States Code.

4 **SEC. 2. LOAN FEE.**

5 (a) Section 3729 is amended by striking out every-
 6 thing after the catchline, and inserting in lieu thereof:

7 “(a)(1) Except as provided in subsection (c) of this
 8 section, a fee shall be collected from each person obtaining
 9 a housing loan guaranteed, insured, or made under this
 10 chapter, and each person assuming a loan to which section
 11 3714 of this title applies. Such a loan may not be guaran-
 12 teed, insured, made, or assumed until the fee payable
 13 under this section has been remitted to the Secretary.

14 “(2) The fee may be included in the loan and paid
 15 from the proceeds thereof.

16 “(b)(1) The amount of the fee shall be determined
 17 from the table in subsection (d) of this section. The fee
 18 is expressed as a percentage of the total amount of the
 19 loan guaranteed, insured, or made, or, in the case of a
 20 loan assumption, the unpaid principal balance of the loan
 21 on the date of the transfer of the property.

22 “(2) Any reference to a section in the Type of Loan
 23 column in subsection (d) of this section refers to a section
 24 of this title.

25 “(3) For the purposes of this section:

1 “(A) The term ‘Active Duty Veteran’ means
2 any veteran eligible for the benefits of this chapter
3 other than a Reservist;

4 “(B) The term ‘Reservist’ means a veteran de-
5 scribed in section 3701(b)(5)(A);

6 “(C) The term ‘Other Obligor’ means a person
7 who is not a veteran, as defined by section 101 or
8 other provision of this chapter;

9 “(D) The term ‘initial loan described in section
10 3710’ means a loan obtained by a veteran pursuant
11 to section 3710 of this title if the veteran has never
12 obtained a loan guaranteed under section 3710 or
13 made under 3711;

14 “(E) The term ‘subsequent loan described in
15 section 3710’ means a loan obtained by a veteran
16 pursuant to section 3710 title if the veteran has pre-
17 viously obtained a loan guaranteed under section
18 3710 or made under section 3711. The term shall
19 not refer to an interest rate reduction refinancing
20 loan;

21 “(F) The term ‘interest rate reduction refinanc-
22 ing loan’ means a loan described in section
23 3710(a)(8), 3710(a)(9)(B)(i), 3710(a)(11),
24 3712(a)(1)(F) or 3762(h);

1 “(G) The term ‘0-down’ means a downpayment,
2 if any, of less than 5 percent of the total purchase
3 price or construction cost of the dwelling;

4 “(H) The term ‘5-down’ means a downpayment
5 of at least 5 percent but less than 10 percent of the
6 total purchase price of construction cost of the
7 dwelling;

8 “(I) The term ‘10-down’ means a downpayment
9 of 10 percent or more of the total purchase price or
10 construction cost of the dwelling;

11 “(c) A fee may not be collected under this section
12 from a veteran who is receiving compensation (or who but
13 for the receipt of retirement pay would be entitled to re-
14 ceive compensation) or from a surviving spouse of any vet-
15 eran (including a person who died in the active military,
16 naval, or air service) who died from a service-connected
17 disability.

18 “(d) The following table establishes the percentages
19 of fees to be collected under this section:

“Loan Fee Table

“Type of Loan	Active Duty Veteran	Reservist	Other Obligor
“Initial loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other initial loan described in section 3710(a).	2.00	2.75	Not Appli- cable
“Subsequent loan described in section 3710(a) to purchase or construct a dwelling with 0-down, or any other subsequent loan described in section 3710(a).	3.00	3.00	Not Appli- cable
“Loan described in section 3710(a) to purchase or construct a dwelling with 5-down.	1.50	2.25	Not Appli- cable

“Loan Fee Table—Continued

“Type of Loan	Active Duty Veteran	Reservist	Other Obligor
“Loan described in section 3710(a) to purchase or construct a dwelling with 10-down.	1.25	2.00	Not Applicable
“Interest rate reduction refinancing loan	0.50	0.50	Not Applicable
“Direct loan made under section 3711	1.00	1.00	Not Applicable
“Manufactured home loan described in section 3712 (other than an interest rate reduction refinancing loan).	1.00	1.00	Not Applicable
Loan to Native American veteran made under section 3762 (other than an interest rate reduction refinancing loan).	1.25	1.25	Not Applicable
“Assuming a loan to which section 3714 applies.	0.50	0.50	0.50
“Loan made under section 3733(a)	2.25	2.25	2.25

1 “(e) Notwithstanding subsection (d) of this section,
2 the Secretary, by regulation, may prescribe a different
3 percentage for the fee applicable to loans made under sec-
4 tion 3733(a), if the Secretary finds a different amount is
5 necessary so that the fee charged for such loans is consist-
6 ent with the fees charged by other departments of the Gov-
7 ernment for similar loans available to the public, or if the
8 Secretary determines that considerations of the market for
9 properties sold by the Secretary necessitate a different
10 fee.”.

11 (b) This section applies to any loan closed after Sep-
12 tember 30, 1997.

13 **SEC. 3. EXTENSION OF NO-BID FORMULA.**

14 Section 3732(c) is amended by striking out para-
15 graph (11) in its entirety.

16 **SEC. 4. ENHANCED VENDEE LOAN SALES.**

17 Section 3720(h) is amended by:

1 (1) striking out paragraph (2) in its entirety;
 2 and

3 (2) striking out “(h)(1)” and inserting in lieu
 4 thereof “(h)”.

5 **SEC. 5. REPEAL OF LOAN DEBT COLLECTION RESTRIC-**
 6 **TIONS.**

7 Subchapter III of chapter 37 is amended by striking
 8 out section 3726 in its entirety.

9 **SEC. 6. ACCOUNT CONSOLIDATION.**

10 (a) Subchapter III of chapter 37 is amended by strik-
 11 ing out sections 3723, 3724, and 3725 in their entirety.

12 (b) Such subchapter is further amended by inserting
 13 after section 3721 the following new section:

14 **“§ 3722. Veterans Housing Benefit Program Fund**

15 “(a) There is hereby established in the Treasury of
 16 the United States a fund known as the Veterans Housing
 17 Benefit Program Fund.

18 “(b) The Veterans Housing Benefit Program Fund
 19 shall be available to the Secretary, without fiscal year limi-
 20 tation, for all housing loan operations under this chapter,
 21 consistent with the Federal Credit Reform Act of 1990.

22 “(c) There shall be deposited in the Veterans Hous-
 23 ing Benefit Program Fund:

24 “(1) All money as of September 30, 1997, in:

25 (A) the Direct Loan Revolving Fund established by

1 section 513 of the Servicemen’s Readjustment Act of
2 1944; (B) the Department of Veterans Affairs Loan
3 Guaranty Revolving Fund established by section
4 7(a) of Public Law 86–665; and (C) the Guaranty
5 and Indemnity Fund established by section
6 302(a)(1) of Public Law 101–237;

7 “(2) All money hereafter appropriated for such
8 Fund;

9 “(3) All fees collected by the Secretary on or
10 after October 1, 1997, pursuant to section 3729, or
11 any other provision of law or regulation established
12 by the Secretary imposing fees on persons or other
13 entities participating in the housing loan program
14 under this chapter; and

15 “(4) All other amounts received by the Sec-
16 retary on or after October 1, 1997, incident to hous-
17 ing loan operations under this chapter including, but
18 not limited to, collections of principal and interest,
19 proceeds from the sale, rental, use, or other disposi-
20 tion of property acquired under this chapter, pro-
21 ceeds from the sale of loans pursuant to sections
22 3720(h) and 3733(a)(3), and penalties collected pur-
23 suant to section 3710(g)(4)(B).

1 “(d) For purposes of this section, the term ‘housing
2 loan’ shall not include a loan made pursuant to subchapter
3 V of this chapter.”.

4 (c) The amendments made by this section shall take
5 effect October 1, 1997.

6 **SEC. 7. EXTENSION OF PILOT PROGRAM FOR DIRECT**
7 **LOANS TO NATIVE AMERICAN VETERANS.**

8 Section 3761(c) is amended by striking out “1997”.
9 and inserting in lieu thereof “1999.”.

10 **SEC. 8. CONFORMING AMENDMENTS.**

11 (a) Section 2106(e) is amended by striking out “ei-
12 ther the direct loan or loan guaranty revolving fund estab-
13 lished by section 3723 or 3724 of this title, respectively.”
14 and inserting in lieu thereof “the Veterans Housing Bene-
15 fit Program Fund established by section 3722 of this
16 title.”.

17 (b) Section 3703(e)(1) is amended by striking out
18 “3729(c)(1)” and inserting in lieu thereof “3729(c)”.

19 (c) Section 3711(k) is amended by striking out “and
20 section 3723 of this title” both places it appears.

21 (d) Section 3720 is amended by striking out sub-
22 section (e) in its entirety and inserting in lieu thereof—
23 “(e) [Repealed.]”.

24 (e) Section 3727(c) is amended by striking out
25 “funds established pursuant to sections 3723 and 3724

1 of this title, as applicable.” and inserting in lieu thereof
2 “fund established pursuant to section 3722 of this title.”.

3 (f) Section 3733(a)(6) is amended by—

4 (1) striking out “Department of Veterans Af-
5 fairs Loan Guaranty Revolving” and inserting in
6 lieu thereof “Veterans Housing Benefit Program”;
7 and

8 (2) striking out “3724(a)” and inserting in lieu
9 thereof “3722(a)”.

10 (g) Section 3733 is further amended by striking out
11 subsection (e) in its entirety.

12 (h) Section 3734 is amended by—

13 (1) striking out, in the catchline, “Loan Guar-
14 anty Revolving Fund and the Guaranty and Indem-
15 nity” and inserting in lieu thereof “Veterans Hous-
16 ing Benefit Program”;

17 (2) striking out, in subsection (a)(1), “Loan
18 Guaranty Revolving Fund and the Guaranty and In-
19 demnity” and inserting in lieu thereof “Veterans
20 Housing Benefit Program”;

21 (3) striking out, in subsection (a)(2) “funds,”
22 and inserting in lieu thereof “fund,”;

23 (4) striking out, in subsection (b), “each” and
24 inserting in lieu thereof “the”; and

1 (5) striking out, in paragraph (2) of subsection
 2 (b), subparagraphs (B), (C), and (D) in their en-
 3 tirety, and redesignating subparagraphs (E), (F),
 4 and (G) as (B), (C), and (D), respectively.

5 (i) Section 3735(a)(3)(A)(i) is amended by striking
 6 out “Loan Guaranty Revolving Fund and the Guaranty
 7 and Indemnity” and inserting in lieu thereof “Veterans
 8 Housing Benefit Program”.

9 (j) The catchline for section 3763 is amended by
 10 striking out “Housing” and inserting in lieu thereof “Na-
 11 tive American veteran housing”.

12 (k) The table of sections for subchapter III of chapter
 13 37 is amended by—

14 (1) striking out the items relating to sections
 15 3722, 3723, 3724, 3725, and 3726 and inserting in
 16 lieu thereof—

17 “3722. Veterans Housing Benefit Program
 18 Fund.

19 “[3723. Repealed.]

20 “[3724. Repealed.]

21 “[3725. Repealed.]

22 “[3726. Repealed.]”;

23 (2) striking out, in the item relating to section
 24 3734, “Loan Guaranty Revolving Fund and the

1 Guaranty and Indemnity” and inserting in lieu
2 thereof “Veterans Housing Benefit Program”; and

3 (3) inserting at the end thereof the following
4 new item:

5 “3736. Portfolio Loan Servicing.”.

6 (l) The table of sections for subchapter V of chapter
7 37 is amended by striking out, in the term related to sec-
8 tion 3763, “Housing” and inserting in lieu thereof “Na-
9 tive American veteran housing”.

10 (m) Section 7(h)(2)(B) of Public Law 102–54, as
11 amended (38 U.S.C. 1718 note), is amended by striking
12 out “Loan Guaranty Revolving” and inserting in lieu
13 thereof “Veterans Housing Benefit Program”.

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